

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 SSO-00 EB-03 L-02 INR-10 SPC-03

RSC-01 DRC-01 INRE-00 /045 W
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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 4167

S E C R E T KINGSTON 0829

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EO 11652: GDS

TAGS: PINT, US, JA

SUBJECT: SECRETARY'S MEETING WITH PRIME MINISTER

MANLEY, MARCH 13, 1974

1. HERewith IS MISSION'S CONTRIBUTION TO BRIEFING
MATERIALS FOR SECRETARY'S MEETING WITH PRIME MISTER
MANLEY SCHEDULED FOR NEXT WEDNESDAY

2. PM MAY BE SOMEWHAT TENSE AND UNCERTAIN WHEN HE
MEETS WITH SECRETARY TO DISCUSS THE FUTURE OF BAUXITE
INDUSTRY IN JAMAICA. MANLEY IS ACUTELY CONSCIOUS OF
THE TRANSCENDENTAL IMPORTANCE OF THE BAUXITE ISSUE,
AND OF HIS HANDLING OF IT, FOR BOTH JAMAICA'S ECONOMIC
FUTURE AND HIS OWN IMAGE AS A POLITICAL LEADER AND
STATESMAN. MANLEY IS ALSO ONE OF SECRETARY'S MOST
ARDENT ADMIRERS, AND MAY BE A BIT NERVOUS AT MEETING
HIM FOR THE FIRST TIME

3. IN APPROACHING THE BAUXITE ISSUE MANLEY WILL
PROBABLY: A. DESCRIBE THE BODY BLOW THE ENERGY CRISIS
HAS CONSTITUTED FOR JAMAICA, INDICATING THAT THE ISSUE
FOR JAMAICA IS NOT SIMPLY THE FUTURE RATE OF ECONOMIC
DEVELOPMENT, BUT ECONOMIC SURVIVAL ITSELF. B. SAY
THAT INCREASED FUEL COSTS FOR JAMAICA AMOUNT TO BETWEEN

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100 AND 150 MILLION DOLLARS IF CURRENT RATES OF DEVELOP-

MENT ARE TO BE MAINTAINED, AND THIS IN TURN CREATES AN ABSOLUTE NECESSITY FOR JAMAICA TO GET MORE OUT OF ITS MAJOR EXPORTS. SINCE BAUXITE IS JAMAICA'S LARGEST EXPORT THE MOST IMMEDIATE REQUIREMENT IS A RE-NEGOTIATION OF THE CONTRACTS WITH THE BAUXITE COMPANIES. C. PROVIDE ASSURANCES THJT JAMAICA AND HIS GOVERNMENT ARE DEEPLY COMMITTED TO THE SAME CONCEPTS AND PRINCIPLES OF LAW AS THE UNITED STATES AND INDICATE THAT HE IS NOT SEEKING A CONFRONTATION WITH THE INDUSTRY, BUT INSIST THAT JAMAICA SIMPLY HAS NO ALTERNATIVE BUT TO REQUIRE A RE-NEGOTIATION OF CONTRACTS IF IT IS TO SURVIVE AS AN ECONOMIC AND NATIONAL ENTITY. D. OUTLINE THE OBJECTIVES OF HIS GOVERNMENT IN THE FORTHCOMING NEGOTIATIONS (SEPTTEL). EXPRESS UNDERSTANDING OF THE REASONS WHY THE COST OF LIVING COUNCIL IN THE U.S. HAS MAINTAINED A CEILING PRICE FOR ALUMINUM CONSIDERABLY BELOW WORLD MARKET PRICES, AND ALSO FOR THE CONCERNS OF THE INTERNAL REVENUE SERVICE IN ARRIVING AT AN AGREED TAX REFERENCE PRICE FOR ALUMINUM AND ITS COMPONENTS. HOWEVER, PM IS LIKELY TO REJECT THE NOTION THAT JAMAICA'S ECONOMIC FUTURE CAN BE DETERMINED BY THE COST OF LIVING COUNCIL AND THE INTERNAL REVENUE SERVICE IN THE UNITED STATES. F. SEEK THE SYMPATHETIC UNDERSTANDING OF THE UNITED STATES OF JAMAICA'S POSITION AND OBJECTIVES IN THE FORTHCOMING NEGOTIATIONS, AND PERHAPS ALSO SOME KIND OF COMMITMENT OF NON-INTERFERENCE DURING OR AFTER THE NEGOTIATIONS. G. DENY THAT THE WORLDWIDE ASSOCIATION OF BAUXITE PRODUCERS CURRENTLY BEING DISCUSSED AT CONAKRY IS INTENDED TO BECOME A CARTEL ALONG THE LINES OF OPEC DESIGNED TO HOLD UP THE CONSUMER COUNTRIES

4. IN RESPONDING TO POINTS RAISED BY PM MANLEY THE SECRETARY MAY WISH TO: A. INDICATE U.S. UNDERSTANDING OF THE SEVERE PROBLEMS OF THE DEVELOPING NATIONS IN THE FACE OF THE ENERGY CRISIS AND OUR DESIRE TO BE HELPFUL WHERE WE CAN. B. RESTATE OUR POLICY FAVORING DIRECT NEGOTIATIONS BETWEEN AMERICAN FIRMS ABROAD AND THEIR HOST GOVERNMENTS, INDICATING THAT THE U.S. GOVERNMENT WOULD NOT EXPECT TO BE A PARTY OR PLAY ANY DIRECT ROLE IN THE FORTHCOMING BAUXITE NEGOTIATIONS. C. LEAVE NO DOUBT THAT, SHOULD JAMAICAN ACTIONS WITH RESPECT TO THE BAUXITE INDUSTRY EXCEED THE NORMS OF THE INTERNATIONAL LAW AND PRACTICE,

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SERIOUS DISTURBANCE IN THE STATE OF US-JAMAICAN RELATIONS COULD RESULT. D. EXPRESS THE HOPE THAT THE NEGOTIATIONS WILL RESULT IN AN AGREEMENT SATISFACTORY TO BOTH THE GOVERNMENT AND THE COMPNIES, AND THAT THE U.S. GOVERNMENT WILL NOT BE DRAWN INTO THE ISSUE BY VIRTUE OF THE EXTENSIVE COVERAGE OF THE INDUSTRY BY OPIC. E. MENTION THE ENERGETIC PROGRAM TO STIMULATE AGRO BUSINESS IN JAMAICA NOW BEING UNDERTAKEN BY OPIC IN CONJUNCTION WITH THE BAUXITE COMPANIES. EMPHASIZE

THAT, WHILE WE UNDERSTAND THE PRESSURES BEARING UPON MANY COUNTRIES WHICH RELY ON THE PRODUCTION OF MINERALS AND OTHER RAW MATERIAL AND THEIR DESIRE TO SEEK HIGHER PRICES FOR THEIR PRODUCTS, WE ALSO BELIEVE THAT CONSUMING COUNTRIES HAVE A RIGHT TO ACCESS TO RAW MATERIALS ON A NON-DISCRIMINATORY BASIS AND AT FAIR PRICES

5. IN ORDER TO ESTABLISH COMMUNICATIONS WITH PM ON A PERSONAL LEVEL SECRETARY MAY WISH TO REFER TO: A. THE THUMPING VICTORY OF PM'S PARTY IN RECENT LOCAL GOVERNMENT ELECTIONS IN JAMAICA. B. THE SUCCESS OF PM'S FIRST BOOK, THE POLITICS OF CHANGE, PUBLISHED LAST DECEMBER IN GREAT BRITAIN. C. THE BIRTH LAST MONTH OF PM'S DAUGHTER, NATASHA MANLEY, ON VALENTINE'S DAY

6. UNPLEASANT SUBJECTS THE PM WILL HAVE AT THE BACK OF HIS MIND BUT PROBABLY WILL NOT MENTION INCLUDE THE DE ROULET AFFAIR OF LAST YEAR, THE DIVERGENCE IN U.S. AND JAMAICAN POLICIES TOWARD CUBA AND THE QUESTIONABLE PERFORMANCE OF HIS DELEGATE TO THE MEXICO CITY CONFERENCE, DUDLEY THOMPSON. HEWITT

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, ECONOMIC CONDITIONS, PETROLEUM, DIPLOMATIC DISCUSSIONS, MINING INDUSTRY, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINGST00829
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740358/aaaacbyv.tel
Line Count: 136
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 AUG 2002 by WorrelSW>; APPROVED <06 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S MEETING WITH PRIME MINISTER MANLEY, MARCH 13, 1974
TAGS: PINT, US, JA, (KISSINGER, HENRY A), (MANLEY, MICHAEL)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005